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E.O. 12958: N/A

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SUBJECT: ARGENTINE TAX AUTHORITY ON CSI, 9/11 ACT, MEGAPORT, AND
TRADEMARK PIRACY COOPERATION

Ref: (A) Buenos Aires 619
(B) State 119837
(C) Buenos Aires 1720

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Summary

¶1. (SBU) The Argentine customs and revenue authority, AFIP, is pleased with the development of its Container Security Initiative (CSI) pilot program and hopes to expand pre-clearance cargo examinations to two additional port terminals in the Buenos Aires region. With this expansion, AFIP's Director Alberto Abad said Argentina will be one of the first CSI partners in a position to meet 9/11 Act requirements that all U.S.-bound shipping containers be scanned at foreign ports by 2012. To facilitate and expedite this expanded screening, AFIP hopes to build databases of Argentine exporters determined to be legitimate and trustworthy in order to share with U.S. customs authorities. ICE officers supported and encouraged an AFIP request to allow AFIP tax officials to join their Customs colleagues and participate in the successful joint US/GoA Trade Transparency Unit.

¶2. (SBU) On AFIP's interest in moving forward on the U.S. Department of Energy's Megaport project, Abad confirmed that AFIP/Customs would have the GoA implementation lead. However, there appears to be some coordination issues still to be worked out between AFIP, the Foreign Ministry and the Ministry of Interior on this. Ambassador followed up with the Foreign Ministry and was told that Cabinet Chief

Fernandez may need to weigh in to get clear approval to proceed. Finally, Ambassador thanked AFIP's Abad for allowing his tax and customs officers to participate in the IPR enforcement workshop post hosted in Buenos Aires August 14-16 (Ref B). End Summary.

Container Security Initiative (CSI)

¶ 13. (SBU) On September 4, U.S. Ambassador, two ICE Senior Special Agents, and EconCouns met with Argentine revenue authority AFIP (Administracion Federal de Ingresos Publicos) Director Dr. Alberto Abad, Director General of DGI (Direccion General Impositiva) Horacio Castagnola, and Director General of Argentine Customs Ricardo Echegaray. GoA participants praised the effective cooperation and operation of the CSI program and asked that the program be expanded beyond the Buenos Aires port of Exolgan to Zarate and Campana, two other leading port terminals in the Buenos Aires region. Specifically, Abad and Echegaray are seeking to extend the advantage of CSI "pre-clearance" privileges to these ports. (Currently, containers departing from the CSI port of Exolgan are considered "pre-cleared" upon arrival to U.S. ports and are quickly able to enter the commerce of the U.S., whereas containers departing from the other regional ports of Buenos Aires that are not under the umbrella of CSI are at a disadvantage.)

¶ 14. (SBU) ICE officers note that, during recent meeting in Washington AFIP Customs Deputy Director Silvina Tirabassi and Acting CSI Director Marsha Wiggins, the issue of CSI expansion was reviewed and it was agreed that the already approved CSI Declaration of Principles (DOP) would be amended to indicate that the CSI program included "all the ports of Buenos Aires." GoA officials made clear

they were not requesting additional manpower or resources from either Customs and Border Protection (CBP) or ICE. AFIP, they said, already has both the scanning equipment and personnel available to include the other ports as part of CSI program. Dr. Abad mentioned that the GoA has already invested approximately US\$ 20 million in the purchase of scanning and radiological detection equipment, with another \$30 million already committed to this and budget authority in place to request a further \$30 million.

9/11 Act Implementation

¶ 15. (SBU) Ambassador noted that President Bush signed into law the 9/11 Act of 2007 which mandates that, beginning July 1, 2012, all U.S.-bound shipping containers must be scanned at a foreign port before being loaded (Ref B). Abad replied that Argentina will be one of the first CSI partners in a position to meet these requirements. He raised the concept of "operadores confiables" (trusted or vetted operators) involved in trade with the United States. He is interested in creating a database of Argentine exporters determined to be legitimate and trustworthy companies. Echegaray explained that AFIP's idea is to share this information with the U.S. in order to facilitate expeditious entry of goods into the U.S. from Argentine businesses. Abad said that the sharing of information on vetted exporters with CBP officials would ultimately assist Argentine Custom with complying with the new 9/11 Act. ICE officials promised to follow up with CBP officials.

Trade Transparency Unit (TTU)

¶ 16. (SBU) In response to an earlier AFIP request that DGI tax officials be allowed to join their AFIP Customs colleagues in the TTU (Ref A), ICE officers supported and encouraged DGI participation in the TTU and noted examples in other TTU operations worldwide where tax and customs authorities have shared information to their mutual benefit. Echegaray raised AFIP's interest in obtaining more information on U.S. businesses, especially their financial data, utilizing the TTU as an information exchange platform. The GoA, he said, needs financial data on targeted businesses and individuals to

assist in tax and money laundering investigations, trade-base or otherwise. With illicit proceeds often transferred in and out of Argentina in the form of bulk cash, Echegaray emphasized the need to interchange financial data is an important first step to strengthen financial crimes investigations. (Currently, ICE is sharing Currency and Monetary Instruments Reports with GoA via the TTU on a case by case basis.)

Megaport Project: Still a Question on GoA Lead Agency

¶7. (SBU) Ambassador noted AFIP's earlier interest in moving forwarding on our Department of Energy's Megaport project and Abad's March 2007 (Ref A) statement that AFIP/Customs would have the GoA lead on this important initiative. Ambassador noted his discussions with Minister of Interior Fernandez, who said he was not opposed to an AFIP/Customs lead but wanted to preserve the lines and responsibilities between import controls and police and security functions. Abad replied that he and one of his deputies had discussed the issue of GoA lead responsibility with Foreign Ministry Ambassador for International Security and Nuclear Affairs Elsa Kelly

and that she was supportive of AFIP/Aduanas authority moving forward. In a subsequent discussion Ambassador had with Kelly, she noted that, while the Foreign Ministry supports an AFIP/Customs lead, clear agreement from the Ministry of Interior is still needed. She said she would probably need to get Cabinet Secretary Alberto Fernandez involved to assure the Interior Ministry was on board. Embassy will pursue.

Expanded Cooperation to Control Trademark Piracy

¶8. (SBU) Ambassador thanked both Castagnola and Echegaray for allowing their respective tax and customs officers to participate in an IPR enforcement workshop led by the Department of Justice that post hosted in Buenos Aires August 14-16 (Ref B). Tax and customs officials joined GoA judges, fiscales, and other law enforcement professionals to create an IPR investigation manual. Ambassador expressed hope that the enforcement manual and follow-on working groups become useful tools to help control trademark piracy. Abad expressed his satisfaction and noted there would be strong GoA participation in the upcoming First International Conference in the Defense of Intellectual Property in Buenos Aires November 8-9. A number of major multinational trademark-oriented companies, including Chanel, Luis Vuiton and Phillip Morris, will participate.

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